

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA

FLOWRIDER SURF, LTD., et al.,  
Plaintiffs,  
v.  
PACIFIC SURF DESIGNS, INC.,  
Defendant.

Case No.: 3:15-cv-01879-BEN-BLM

**ORDER DENYING MOTION FOR  
LEAVE TO FILE FIRST AMENDED  
ANSWER AND COUNTERCLAIMS**

Presently before the Court is Defendant Pacific Surf Designs, Inc.'s ("PSD") Motion for Leave to File First Amended Answer and Counterclaims. (Mot., ECF No. 50.) PSD seeks to add a counterclaim and defense for inequitable conduct, and an intervening rights defense. (Proposed Am. Answer, Filed Under Seal at ECF No. 61.) Plaintiffs have opposed the motion (Opp'n, ECF No. 65), to which Defendant filed a reply (Reply, ECF No. 66). As explained below, the motion is **DENIED**.

**BACKGROUND**

PSD requests leave to file a first amended answer and counterclaims related to the allegedly improper revival of the Asserted Patents (U.S. Patent No. 6,491,589 ("589 patent") and U.S. Patent No. 8,088,016 ("016 patent")) after they expired. In short, PSD alleges that both Asserted Patents expired for failure to pay maintenance fees. The '589 patent expired on December 10, 2014, and the '016 patent expired on January 3, 2016.

(Proposed Am. Answer ¶¶ 59, 77.) In petitioning for revival of the patents, Plaintiffs’ counsel represented that the delays in paying the maintenance fees were unintentional. (*Id.* ¶¶ 62, 78.) PSD asserts that these representations were false, and at least a portion of the delay was intentional. (*Id.* ¶¶ 64, 81.) On August 24, 2015, the United States Patent and Trademark Office (“USPTO”) granted Plaintiffs’ petition to revive the ’589 patent. (*Id.* ¶ 68.) The instant action was filed the same day. (Compl., ECF No. 1.) On February 9, 2016, USPTO auto-granted the petition to revive the ’016 patent. (Proposed Am. Answer ¶ 91.)

PSD’s proposed amended answer adds inequitable conduct and intervening rights defenses related to the delayed maintenance fee payments for the ’589 and ’016 patents, and inequitable conduct counterclaims for both Asserted Patents. (*Id.* at pp. 9-18, 21-28.) It contends that the patents are unenforceable because of the false representations and that it is entitled to intervening rights for any damages that may have occurred during the period the patents were expired.

PSD filed its Answer on October 22, 2015. (ECF No. 13.) The deadline to amend pleadings was January 4, 2016. (ECF No. 22.) PSD filed the present motion on June 22, 2016.

## LEGAL STANDARD

If a party seeks leave to amend a pleading after the time period specified in the court’s scheduling order, as is the case here, Federal Rule of Civil Procedure 16(b)’s “good cause” standard governs the motion for leave to amend. *Johnson v. Mammoth Recreations, Inc.*, 975 F.2d 604, 607-08 (9th Cir. 1992). The “‘good cause’ standard primarily considers the diligence of the party seeking the amendment.” *Id.* at 609. “While a court may take into account any prejudice to the party opposing modification of the scheduling order, ‘the focus of the [Rule 16(b)] inquiry is upon the moving party’s reasons for seeking modification. If that party was not diligent, the inquiry should end.’” *In re W. States Wholesale Natural Gas Antitrust Litig.*, 715 F.3d 716, 736 (9th Cir. 2013) (quoting *Johnson*, 975 F.3d at 609).



1 about its expiration and renewal was similarly publicly available several months ago.  
2 The USPTO's PAIR website shows that, on January 29, 2016, the '016 patent expired.  
3 (Hoting Decl. ¶ 5 & Ex. D.) On February 10, 2016, a petition to accept late payment of  
4 the maintenance fee was filed, and the PTO granted the petition the same day. (*Id.*)

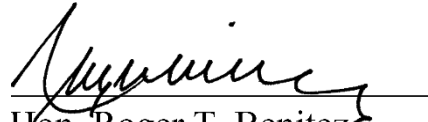
5 Moreover, from January to March 2016, the parties exchanged discovery requests  
6 and responses and met-and-conferred on the subject of the maintenance fee payments.  
7 Since at least March 9, 2016, Plaintiffs have asserted that discovery on the failure to  
8 make the payments is privileged and irrelevant. (Hoting Decl. ¶ 9 & Exs. K, L.)  
9 Specifically, Plaintiffs stated that information about the expiration and/or revival of the  
10 Asserted Patents was not relevant because PSD had not alleged inequitable conduct. (*Id.*)  
11 On April 14, 2016, after a meet-and-confer in March, counsel for PSD emailed Plaintiffs'  
12 counsel, announcing their intention to seek leave to amend PSD's answer to include  
13 inequitable conduct claims. (Hoting Decl. ¶ 12 & Ex. N.) Yet, PSD did not file its  
14 motion for leave to amend until more than two months later on June 22, 2016.

15 PSD acknowledges that much of the back-and-forth between the parties occurred  
16 from January to March 2016. (Reply at 4.) It contends that if the Court concludes that  
17 PSD has not been diligent, then the Court is finding that "PSD should not have bothered  
18 to meet-and-confer, but instead immediately pulled the trigger on expensive and time-  
19 consuming motion practice in March when Plaintiffs first objected to the discovery."  
20 (*Id.* at 5.) But this is not so. The Court does expect parties to meet-and-confer before  
21 filing a motion and, if such conferences fail, to timely move for the requested relief. PSD  
22 simply did not do that here. It was aware or should have been aware of the relevant facts  
23 supporting its proposed amendment for many months, and it filed the instant motion  
24 another two months after initially announcing its intent to do so. Under such  
25 circumstances, the Court finds that PSD has not been diligent. *See, e.g., Sako v. Wells*  
26 *Fargo Bank, N.A.*, No. 14-cv-1034-GPC (JMA), 2015 WL 5022326, at \*2 (S.D. Cal.  
27 Aug. 24, 2015) ("Courts have held that waiting two months after discovery of new facts  
28 to bring a motion to amend does not constitute diligence under Rule 16."). Therefore,

1 PSD cannot establish good cause for the amendment. Because the “inquiry should end”  
2 if the movant cannot show diligence, the Court need not consider whether the proposed  
3 amendment is appropriate under Federal Rule of Civil Procedure 15. *Johnson*, 975 F.3d  
4 at 609.

5 **IT IS SO ORDERED.**

6  
7 Dated: November 4, 2016

8   
9 Hon. Roger T. Benitez  
10 United States District Judge  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28